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SUBJECT: AMBASSADOR DISCUSSES FTAA AND OTHER ISSUES WITH
BRAZILIAN LEGISLATORS

1. (U) SUMMARY AND INTRODUCTION, ON DECEMBER 9 AMBASSADOR MET WITH MEMBERS OF THE BRAZILIAN CHAMBER OF DEPUTIES FOREIGN AFFAIRS AND DEFENSE COMMITTEE TO REVIEW OUTSTANDING ISSUES IN THE USG-GOB BILATERAL RELATIONSHIP. ALTHOUGH THE MEETING AGENDA INCLUDED POTENTIAL TOPICS SPANNING A VARIETY OF DISCIPLINES, IN REALITY THE LION'S SHARE OF THE DISCUSSION CENTERED ON FTAA ISSUES. OUR CONGRESSIONAL INTERLOCUTORS STRESSED A NUMBER OF THEMES, INTER ALIA: THE IMPORTANCE OF FREQUENT PARLIAMENTARY EXCHANGES BETWEEN U.S. AND BRAZILIAN LEGISLATORS, THE DESIRABILITY FOR THE GOB TO CONSULT WITH THE BRAZILIAN CONGRESS AS THE COUNTRY MOVES FORWARD ON THE FTAA AND OTHER TRADE INITIATIVES, AND THE NEED FOR U.S. POLICYMAKERS TO UNDERSTAND HOW BRAZIL'S UNIQUE CULTURAL HERITAGE COMPLICATES GOB DECISION-MAKING ON TRADE MATTERS. END SUMMARY AND INTRODUCTION.

2. (U) AS PART OF THE EMBASSY'S CONTINUING OUTREACH EFFORTS, ON DECEMBER 9 AMBASSADOR VISITED THE CHAMBER OF DEPUTIES TO MEET (INFORMALLY) WITH MEMBERS OF THAT BODY'S FOREIGN AFFAIRS AND DEFENSE COMMITTEE. PRESENT AT THE MEETING WERE COMMITTEE CHAIR CARLOS MELLES (PFL), DEP. LUIZ CARLOS HAULY (PSDB), DEP. FERNANDO GABEIRA (SOCIALIST PARTY), DEP. LEONARDO MONTEIRO (PT), DEP. IVAN CESAR RANZOLIN (PP), DEP. ZARATTINI (PT), DEP. FEU ROSA (PP), FORMER AMBASSADOR TO THE U.S. PAULO TARSO FLECHA DE LIMA (DESCRIBED BY MELLO AS A "CONSULTANT" TO THE COMMITTEE), AND MFA NORTH AMERICAN DESK OFFICER PAULO ALVARENGA. ACCOMPANYING THE AMBASSADOR FROM THE U.S. SIDE WERE EMBASSY POLCOUNS, ECONCOUNS, CONSUL, PRESS OFFICER, AND FO SPECIAL ASS'T.

3. (U) IN HIS OPENING REMARKS, COMMITTEE CHAIR MELLES NOTED THE IMPORTANCE OF THE U.S.-BRAZIL BILATERAL RELATIONSHIP AND STRESSED THE NEED FOR CONTINUED PARLIAMENTARY EXCHANGES BETWEEN THE U.S. CONGRESS AND THE CHAMBER OF DEPUTIES. MELLES NOTED THAT COMMITTEE MEMBERS HAD RECENTLY TRAVELED TO THE U.S. PURSUANT TO A PAS-SPONSORED PROGRAM AND THAT THIS TRIP HAD PROVED TO BE EXTREMELY WORTHWHILE. MELLES URGED THE EMBASSY TO PROMOTE FURTHER SUCH ENGAGEMENT, EITHER UNDER OAS AUSPICES OR PURSUANT TO AD HOC CODELS. HE SUGGESTED BOTH SIDES SEEK TO CREATE A FORMAL EXCHANGE BETWEEN THE TWO CONGRESSES. ON SUBSTANTIVE ISSUES, MELLES QUERIED THE AMBASSADOR ABOUT U.S. POLICY WITH RESPECT TO NUCLEAR ACTIVITIES BY ROGUE NATIONS SUCH AS NORTH KOREA AND IRAN, ADDING THAT BRAZIL WANTS PEACE AND THAT THE U.S. HAS A SOMEWHAT RIGID POINT OF VIEW.

4. (U) AMBASSADOR SAID THAT NUCLEAR PROLIFERATION AND CONTROLS GO HAND IN HAND, AND THAT TOO MANY "BAD GUYS" HAVE WEAPONS. REGARDING NORTH KOREA, THE USG BELIEVES THAT THE BEST APPROACH TO ADDRESSING ITS NUCLEAR WEAPONS IS VIA THE SIX PARTY TALKS. HE EMPHASIZED THAT THIS IS NOT A UNILATERAL PROCESS, BUT RATHER A MULTILATERAL APPROACH. HE CONTINUED SAYING THAT THE SITUATION WITH IRAN IS MORE COMPLICATED, AS IT IS LESS CLEAR, LESS KNOWN, AND MORE SUSPECT. HE ADDED THAT THE U.S. HAS A DISARMAMENT PROGRAM, AND THAT WE COULD LEAD SUCH AN EFFORT, BUT THAT THIS CANNOT BE UNILATERAL. HE SAID THAT BRAZIL HAS COMMUNICATED ITS RELUCTANCE TO HAVE THE ISSUE GO TO THE U.N., AND ASKED WHY HAS BRAZIL TAKEN SUCH A POSITION? WOULDN'T IT BE BETTER, HE ASKED, FOR MORE COUNTRIES TO KNOW AND ADDRESS THE SITUATION?

5. (U) AMBASSADOR THEN SPOKE REGARDING THE CURRENT STATE OF U.S.-BRAZIL RELATIONS, FOCUSING ON THE CHALLENGES THE PRESIDENT FACED IN HIS UPCOMING SECOND TERM. ON THE TRADE FRONT, THE AMBASSADOR NOTED, THE U.S. AND BRAZIL WOULD NEED TO WORK TOGETHER IN BOTH THE WTO DOHA ROUND AND THE FTAA TO ENSURE THAT THESE EFFORTS PROVED TO BE SUCCESSFUL. AMBASSADOR OBSERVED THAT BRAZIL NEEDED TO AVOID THE MIND-SET THAT IT WAS THE USG THAT WAS NEGOTIATING THE FTAA, WHEN IN REALITY BOTH THE GOB AND THE U.S. WERE CO-CHAIRS AND NEARLY ALL THE COUNTRIES IN THE HEMISPHERE HAD A STRONG STAKE IN THE OUTCOME. HE SAID THAT THE USG POSITION IS CLEAR: FREE TRADE WILL BRING ABOUT ECONOMIC AND SOCIAL MEANS OF BETTERMENT, BOTH FOR AMERICAN AND BRAZILIAN BUSINESSES AND CONSUMERS. RESPONDING TO MELLE'S COMMENT THAT BRAZILIANS ARE ESPECIALLY SENSITIVE WHEN THE U.S. CRITICIZES BRAZIL,

THE AMBASSADOR SAID THAT WE RECOGNIZE BRAZIL'S SENSITIVITY, BUT THAT WE ALSO NEED TO RECOGNIZE THE FRUSTRATION OF NOT DOING ENOUGH TO MOVE FORWARD THE NEGOTIATIONS.

16. (U) AFTER A BIT OF PROMPTING FROM COMMITTEE CHAIR MELLES, DEP. GABEIRA PROVIDED HIS INPUT ON BOTH TRADE AND ENVIRONMENTAL QUESTIONS. SPECIFICALLY, GABEIRA NOTED THAT THE BILATERAL RELATIONSHIP WITH THE U.S. COVERED MORE THAN JUST THE FTAA, ALTHOUGH TRADE NEGOTIATIONS OFTEN GARNERED A DISPROPORTIONATE SHARE OF COVERAGE BY THE PRESS. WHAT WAS NEEDED, HE CONTINUED, WAS NEGOTIATION OF AN AGREEMENT THAT WOULD SERVE BOTH SIDES' INTERESTS. THE USG, HE STATED, NEEDED TO KEEP IN MIND AT ALL TIMES BRAZIL'S UNIQUE CULTURAL/CATHOLIC HERITAGE AS IT DEALT WITH THE GOB. (SEE PARA. 8 BELOW FOR MORE ON THIS POINT). GABEIRA ALSO INQUIRED ABOUT THE USG'S POSITION ON THE KYOTO PROTOCOL, INQUIRING AS TO WHETHER AN ALTERNATIVE WOULD BE PROPOSED. THE AMBASSADOR RESPONDED THAT NOTWITHSTANDING THE OBJECTIONS THE USG HAD TO THE TREATY, AN ALTERNATIVE MAY BE FORTHCOMING, AND BOTH FEDERAL AND STATE GOVERNMENTS IN THE U.S. WERE MOVING FORWARD ON CLIMATE CHANGE ISSUES. HE ADDED THAT SOME STATES HAVE INCORPORATED THEIR OWN PROTOCOL, MORE RIGOROUS THAN KYOTO, SUCH AS IN HIS HOME STATE OF CALIFORNIA.

17. (U) AMB. FLECHA DE LIMA (NOW RETIRED FROM THE MFA) PROVIDED HIS PERSPECTIVE ON THE GENESIS OF THE FTAA. HE NOTED THAT WHILE BRAZIL WAS A HEMISPHERIC GIANT, ITS ECONOMY WAS NO RIVAL TO THAT OF THE U.S. THE INHERENT ASSYMETRIC NATURE OF THE RELATIONSHIP, HE SAID, REQUIRED BRAZIL TO SEEK SAFEGUARDS TO PROTECT ITS VULNERABLE INDUSTRIES. THIS VIEW, HE CONTINUED, WAS AS MUCH THE CASE TODAY AS WHEN HE WAS IN THE FOREIGN MINISTRY.

18. (U) DEPUTADOS MONTEIRO, ROSA, AND ZARATTINI THEN SPOKE ABOUT THEIR VIEWS REGARDING THE PROPER ROLE OF CONGRESS IN THE FTAA NEGOTIATIONS. IN ESSENCE, THEY MADE THE POINT THAT THE GOB NEEDS TO CONSULT THE RELEVANT CHAMBER/SENATE OFFICIALS EARLY AND OFTEN, AS WAS THE CASE IN UNITED STATES. FOREIGN TRADE RELATIONS, THEY FELT, WAS AN ISSUE TOO IMPORTANT TO BE LEFT TO DIPLOMATS AT ITAMARATY (I.E., THE FOREIGN MINISTRY). ONLY INPUT FROM ELECTED OFFICIALS COULD ENSURE THAT THE TRADE POLICY THAT ITAMARATY ADOPTED TRULY REFLECTED BRAZILIAN NATIONAL INTERESTS AND WOULD BE REPRESENTATIVE OF THE DEMOCRATIC PROCESS. COMMITTEE CHAIR MELLO POINTED OUT THAT AT TIMES BRAZIL'S CATHOLIC HERITAGE (SEE PARAGRAPH 6 ABOVE) LED POLICYMAKERS INTO THINKING THAT MAKING A PROFIT WAS A SIN. THIS BIAS NEEDED TO BE CORRECTED, HE ADDED, SINCE IT DID NOTHING TO ADVANCE TRADE RELATIONS WITH KEY PARTNERS SUCH AS THE U.S. IN CLOSING, DEPUTADO HAULY, WHO IS ALSO COORDINATOR FOR THE U.S.-BRAZIL LEGISLATIVE CAUCUS, PROPOSED THAT THE TWO COUNTRIES PREPARE A WORK-PLAN FOR PROMOTING INCREASED PUBLIC INFRA-STRUCTURE INVESTMENT IN BRAZIL.

19. (SBU) COMMENT. ALTHOUGH IN THEIR COMMENTS OUR INTERLOCUTORS WERE GENERALLY SUPPORTIVE OF EXPANDED U.S.-BRAZIL TRADE INTEGRATION, BASED UPON PAST EXPERIENCE WE KNOW THAT SOME OF THEM HOLD CRITICAL VIEWS OF THE FTAA PROCESS. WHILE IT WILL BE DIFFICULT TO CHANGE DEEPLY-INGRAINED ATTITUDES, OUR HOPE IS THAT INCREASED DIALOGUE - PARTICULARLY WITH U.S. PARLIAMENTARY COUNTERPARTS - WILL LEAD SOME TO REEXAMINE THEIR OPPOSITION. EMBASSY WILL CONTINUE WITH ITS OUTREACH TO KEY LEGISLATORS NOT ONLY ON FTAA ISSUES BUT ON THE FULL RANGE OF OUR BILATERAL CONCERNS.

DANILOVICH